

# Employees

INTERNATIONAL POWER OPERATES IN AN INCREASINGLY COMPLEX BUSINESS ENVIRONMENT. WE PLACE A HIGH PRIORITY ON THE RECRUITMENT, RETENTION AND TRAINING OF STAFF AT ALL LEVELS, WHETHER EMPLOYED BY US DIRECTLY OR BY ANY OF OUR SUBSIDIARIES, JOINT VENTURES OR ASSOCIATES.

We operate an incentive-weighted compensation scheme which we believe rewards and develops staff on the following bases:

- **Achievement of tangible personal objectives:** annual targets are set for all personnel, calibrated at levels designed to ensure that individuals are able to contribute to the attainment of these objectives.
- **Professional and educational advancement:** we promote and facilitate mid-career training, internal and external seminars, personal development plans and other educational programmes. In addition, we encourage our employees to participate actively in their personal development and in relevant professional organisations.
- **Leadership:** we expect our employees to exercise leadership in their dealings with colleagues, partners, customers and other contract parties.

This all relies on a foundation of personal integrity. We endeavour to ensure that all of our staff conduct themselves, internally and externally, in a manner of the highest integrity.

Clear communication links are critical to enhance business and commercial awareness throughout our business. Corporate publications, the International Power website and intranet, employee awareness briefings from executive management and team briefings are all used to promote communications and an understanding of the development and application of policies and strategy. We use the latest technology to aid rapid communication with all staff around the world, as well as regularly holding Global Employee Forums.

## Equal opportunities

The Group is committed to equal opportunities, both from a sense of social responsibility and also because it makes sound business sense to benefit from the wide-ranging knowledge and experience of individuals in all sectors of society. This commitment to equal opportunities means that decisions to appoint, reward, train, develop and promote are taken purely on the basis of skills and abilities, as matched against the requirements of the job. The Group values its reputation as a caring employer and seeks to attract and retain high calibre employees. Opportunities for training are given a high priority to ensure that all individuals can contribute to their own career development. This approach extends itself to the fair treatment of people with disabilities in relation to their recruitment, training and development.

## Employee share plans

International Power has in place a number of share-based plans under which employees of the Group and its subsidiary companies may acquire Ordinary Shares in International Power plc. These plans form an integral part of the Group's strategy to provide appropriate reward and retention strategies for employees, to align employee and shareholder interests through incentive targets based on clear operational and financial criteria and to recruit, motivate and retain employees.

We value our reputation as a caring employer and seek to attract and retain high calibre employees.

These employee share plans are:

- the Demerger Long-Term Incentive Plan (a one-off plan established at Demerger which is open to Executive Directors and a small number of senior managers), which ceased operation on 2 October 2003;
- the 2002 Performance Share Plan (an annual plan open to Executive Directors and a small number of senior managers);
- the International Power Approved Executive Share Option Scheme (a discretionary plan open to selected UK resident employees);
- the International Power Unapproved Executive Share Option Plan (a discretionary plan for selected UK-based employees);
- the Global Executive Share Option Plan (a discretionary plan for executives resident outside of the UK);
- the International Power Sharesave Plan (open to all UK resident employees);
- the International Power Global Sharesave Plan (open to employees in certain jurisdictions outside of the UK);
- the Demerger Share Plan (open to UK employees employed by the Group as at Demerger), which ceased operation on 2 October 2003.

All of the listed plans are currently in operation, except for the Demerger Long-Term Incentive Plan and the Demerger Share Plan which ceased operation on 2 October 2003.

Executive Share Options have been granted to executives in four countries outside the UK and the Global Sharesave Plan is now in operation in four countries outside the UK. As the Group continues to grow and employee numbers continue to increase, we anticipate that the extension of share plans to overseas jurisdictions will continue apace.

Whilst Executive Directors are eligible to participate in all of the listed Plans, David Crane and Philip Cox only participated in the Demerger Long-Term Incentive Plan, the 2002 Performance Share Plan, the Approved and Unapproved Executive Share Option Plans and the International Power Sharesave Plan. Tony Concannon, Steve Riley and Mark Williamson participate in the 2002 Performance Share Plan, the Approved and Unapproved Executive Share Option Plans and the International Power Sharesave Plan. They also participated in the Demerger Share Plan.

The vesting of any awards made under each of the Demerger Long-Term Incentive Plan and the 2002 Performance Share Plan and the ability to exercise options granted under the Approved and Unapproved Executive Share Option Plans and the Global Executive Share Option Plan are all subject to the satisfaction of performance conditions. Information on the relevant performance conditions for each award or option grant under each plan is given in the Directors' remuneration report. The exercise of options under the Sharesave Plan is not subject to any performance condition. The release of shares under the Demerger Share Plan, being an all employee share plan, was also not subject to any performance condition.



Left: EOP, Czech Republic